

**BEFORE THE
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**

DOCKET NO. 2018-318-E

IN THE MATTER OF:

Application of Duke Energy Progress, LLC
for Adjustments in Electric Rate Schedules
and Tariffs

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**POST-HEARING BRIEF
OF NUCOR STEEL –
SOUTH CAROLINA**

Nucor Steel-South Carolina (“Nucor”), a Division of Nucor Corporation, hereby submits this post-hearing brief in the above-captioned docket. This brief addresses the Stipulation entered into between Nucor and Duke Energy Progress, LLC (“DEP”) and filed in this docket on March 29, 2019 (the “Stipulation”).¹ As explained further below, the Stipulation resolves certain issues raised by Nucor in this case and will benefit all of DEP’s ratepayers by reducing the impact of the rate increase requested by DEP in this docket. Accordingly, Nucor requests the Commission to approve the Stipulation.

I. THE STIPULATION IS REASONABLE AND IS IN THE PUBLIC INTEREST AND SHOULD BE APPROVED

The evidence in this case supports approval of the Stipulation. DEP witness Steven Wheeler testified that the modifications to DEP’s Application addressed in the Stipulation are “in the public interest and represent a reasonable compromise of the parties’ respective positions on these issues in this proceeding.”² DEP witness Laura Bateman similarly testified that the “Stipulation is the result of negotiations between the Stipulating Parties, it lowers the overall initial increase requested by the Company from South Carolina customers, and resolves many of the issues in the case between the Stipulating Parties without the necessity of contentious litigation.”³

¹ The Stipulation was admitted into the record as Hearing Exhibit 35.

² Supplemental Testimony of Steven B. Wheeler at 2.

³ Second Supplemental Direct Testimony of Laura Bateman at 3-4.

An important benefit of the Stipulation is the modification of DEP's proposed Excess Deferred Income Tax ("EDIT") Rider. Under the Stipulation, DEP agreed to modify its proposed EDIT Rider as follows: (a) all deferred revenues from January 2018 through May 2019, related to the reduction of the federal tax rate, shall be returned to ratepayers over three years, instead of over five years as originally proposed by DEP in its Application in this case; and (b) the amount of Distributed Energy Resource Program ("DERP") deferred balances to be offset under the Rider shall be reduced to \$6 million, instead of \$12.66 million as originally proposed in the Application.⁴

With these modifications to the EDIT Rider, more of the excess deferred tax-related dollars collected since the new federal tax rate took effect will be returned to ratepayers and these dollars will be returned more rapidly. As a result, there will be a larger credit to ratepayers under the EDIT Rider in the first three years of the rate increase as compared to the EDIT Rider as proposed in the Application, while also offsetting almost half the DERP deferred balances.⁵ This larger credit will help reduce the impact of any increase granted to DEP in this docket. As DEP witness Laura Bateman explained, "[t]he total impact of the modifications increases the benefit to customers in Year 1 of the EDIT Rider from \$9,881,000 to \$12,802,000 million."⁶ Deferred revenues from January 1, 2019 through May 31, 2019 will be included in the next annual update of the Rider, and will be flowed back over a two-year period starting June 1, 2020.⁷ This second step will result in an additional increase in amount of the credit for that two-year period as compared to the original proposal.

The Stipulation also resolves other issues and provides other benefits. For example, the parties agreed that in determining the increase to the LGS-CUR-TOU rate schedule in this case, the final approved LGS class percentage revenue increase will be applied to the revenues for the LGS-CUR-TOU rate schedule.⁸ This approach is reasonable

⁴ Stipulation at 1-2.

⁵ *Id.* at 2.

⁶ Second Supplemental Direct Testimony of Laura Bateman at 2.

⁷ *Id.* at 3.

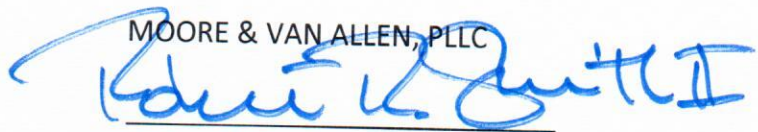
⁸ Stipulation at 2.

and equitable because it will ensure that the LGS-CUR-TOU rate schedule will not receive a percentage rate increase greater than the increase to the rest of the LGS class.

II. CONCLUSION

For the reasons discussed in this brief, Nucor respectfully requests that the Commission approve the Stipulation in its final order in this case.

Respectfully submitted,

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This is to certify that the foregoing document was served upon the following parties at the addresses set forth by first-class mail, electronic mail, telefax or Federal Express on this the 1st day of May 2019:

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